

QUARTERLY ACTIVITIES REPORT – for quarter ended 31 December 2018

Image Resources NL
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IMA

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Issued Capital

Shares – Quoted
 957,247,598
 As at 31 December 2018

Board Members

Robert Besley
 (Non-Executive Chairman)
 Patrick Mutz
 (Managing Director)
 Chaodian Chen
 (Non-Executive Director)
 Aaron Chong Veoy Soo
 (Non-Executive Director)
 Huang Cheng Li
 (Non-Executive Director)
 George Sakalidis
 (Executive Director)
 Peter Thomas
 (Non-Executive Director)
 Eddy Wu
 (Non-Executive Director)

HIGHLIGHTS

- **The Company transitioned to an active mining company** during this reporting period at its **100%-owned Boonanarring Mineral Sands Project**;
- **Construction** of ore mining and processing facilities at Boonanarring deemed practically complete on 25 October 2018, and **fully complete** on 30 November, **'on-time'** and **'on-budget'**;
- **Wet commissioning** of the Wet Concentration Plant (WCP) commenced on 26 October and deemed **successfully complete on 30 November** with the processing of ~100K tonnes of ore and production of first heavy mineral concentrate (HMC);
- **The first month of planned six-month production ramp-up period commenced 1 December with stellar results** of substantially higher production rates, operating availabilities and HMC production than budgeted, and significantly lower operating costs per tonne of HMC produced;
- **Zero lost time accidents** through construction, commissioning and first month of production.
- **First sale of HMC product was completed 13 January 2019**, with export of bulk shipment of nominal 10,000 dry tonnes under life-of-mine off-take agreement, resulting in **receipt of first revenue on 22 January**. A second shipment of up to 20,000 tonnes HMC is being planned for February;
- The USD:AUD foreign exchange rate remained favourable ending the quarter and year below 0.71 compared to 0.75 used in the latest BFS update in June 2018; and
- The premium grade zircon market price to be used as a benchmark to determine the standard grade price for Image's zircon in its HMC product, increased a further 12% on 1 October 2018 to US\$1,625 per tonne.

Completion of Construction at Boonanarring

During the reporting period, development of the initial box-cut of the mine and construction of the wet concentration plant (WCP), ancillary facilities and supporting infrastructure at the Boonanarring Project were deemed sufficiently complete as at 25 October to allow commencement of wet commissioning (refer ASX announcement dated 25 October 2018 Commencement of Commissioning at Boonanarring).

Finalisation of remaining construction items including the upgrade of the Brand Highway intersection were deemed complete as at 30 November. Overall, project construction was completed 'on-time' and 'on-budget' in accordance with the latest published project development schedule and approved budget.

Successful Completion of Wet Commissioning

Wet commissioning of the Ore Feed Preparation Plant (FPP) and WCP and associated interconnecting pipelines, storage tanks and ponds commenced on water on 26 October. Following initial testing and calibration of pumps and flowmeters, ore was introduced to the FPP/WCP to test and calibrate density gauges, slimes removal cyclones, heavy mineral separation spirals, tails disposal and HMC dewatering circuits.

Overall, wet commissioning was completed expeditiously (5 weeks) and very successfully with approximately 100K tonnes of ore processed, and with the ore processing rate and operating availability on numerous days substantially exceeding expectations.

First HMC was produced on 19 November and on 26 November first HMC was transported to a storage shed near the Bunbury Port in preparation for export (refer ASX announcements dated 19 and 27 November 2018). Wet commissioning was declared complete on 30 November.

Transition to Active Mining Company

The Company transitioned from project development to active mining company with the start of production on 1 December 2018 (refer ASX announcement dated 4 December 2018 Production Ramp-up Period at Boonanarring Commences). December was the first month of a planned six-month production ramp-up schedule as assumed in the Boonanarring bankable feasibility study (BFS) published in May 2017 (refer ASX announcement dated 30 May 2017 Strong Bankable Feasibility Study Results Boonanarring/Atlas Project).

While the BFS ramp-up schedule assumed six months to achieve full-scale ore processing rate of 500 dry tonnes per hour at 85% operating availability and production of 20,000 tonnes of HMC per month, the budgeted ramp-up schedule is only three months, and the actual production statistics for December exceeded budgeted expectations.

Production highlights for December include higher ore processing rate (avg. 364 vs 300 tph budgeted); more operating hours (639 vs 558); greater operating availability (85.8% vs 75%); higher ore grade (7.3% vs 6.1% HM); higher HM recovery (85% vs 72%); higher HMC production (15,900 vs 7,200 tonnes); and higher HMC product quality (91% vs 85% HM); while overall operating costs per tonne of HMC produced were lower than budgeted.

Receipt of First Revenue from Sale of HMC Product

As a result of the higher than budgeted HMC production rate, a planned shipment of 5,000 tonnes of HMC for December was postponed to allow for a larger shipment so as to minimise unit shipping costs. Consequently, the first sale of HMC product was completed on 13 January 2019, with the export of a bulk shipment of 10,000 tonnes under a life-of-mine HMC off-take agreement with Shantou Natfort Zirconium and Titanium Co., Ltd. The shipment was secured by a letter of credit which was available to convert to cash following the submission of appropriate shipping documents. As a result, first revenue was received on 22 January 2019.

A second shipment of up to 20,000 tonnes HMC is being planned for February. Importantly, 20,000 tonnes per month of HMC production is the forecast long-term average production rate of HMC at design capacity.

Corporate

The Quarterly Activities and Cashflow Reports for the period ending 30 September 2018 were filed on 31 October 2018.

The Company is finalising approvals of a detailed budget for calendar year 2019 and is planning to provide Q1 2019 production, revenue and costs guidance in the coming weeks.

ACTIVITIES REPORT

High Level Summary

During the reporting period, the Company successfully completed the fast-tracked project development of its 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project located 80km north of Perth in the North Perth Basin in WA. Project construction was completed on-time as scheduled and in line with the approved capital expenditures budget. Final construction, along with a very successful 5-week processing plant wet commissioning phase, were completed at the end of November, followed by the transition to active mineral sands mining company in December 2018 with operating statistics substantially better than budgeted for the first month of a production ramp-up period.

Subsequent to the end of the reporting period, the first bulk shipment of heavy mineral concentrate (HMC) product was exported under a life-of-mine off-take agreement, resulting in receipt of first revenue on 22 January 2019. The Company remains committed to achieving positive cash flow at the end of 1st QTR 2019.

Details

Zero Lost Time Injuries

There were no lost time injuries and a total of four reportable injuries throughout the construction and commissioning period and first month of production, spanning 8 months through the end of December 2018. The Company is committed to the promotion of a safety culture including safety programmes and procedures that encourage job safety analysis and planning as well as active incident reporting for the purpose of continual improvement of the health, safety and well-being of all employees, contractors, visitors and members of the community and protection of the environment.

Completion of Construction at Boonanarring Project

During the reporting period, project construction at Boonanarring was completed. Construction was spear-headed by the project management team from ProjX and the construction team from LGM Industries.

The first stage was completion of construction of areas and items necessary for the start of wet commissioning of the Ore Feed Preparation Plant (FPP); wet concentration plant (WCP); water storage, delivery and storage systems; tailings system; HMC dewatering system; and supporting pipelines and pumping systems. This stage was completed on 25 October 2018 (refer ASX announcement dated 25 October 2018 Commencement of Commissioning at Boonanarring).

The balance of construction was declared complete on 30 November 2018, coincident with the successful completion of wet commissioning, which allowed the company to transition to production effective 1 December. Finalised construction items included completion of the Brand Highway intersection upgrade and mining of the western strand of Boonanarring mineralisation to create ore stockpile inventory for commencement of production.

Overall, project construction was completed 'on-time' and 'on-budget' in accordance with the published project development schedule and approved capital expenditures budget.

Successful Completion of Wet Commissioning

Wet commissioning of the FPP and WCP and associated interconnecting pipelines, storage tanks and ponds commenced on water on 26 October. Following necessary leak testing and adjustments, testing and calibration of pumps, flowmeters and instrumentation was conducted. On 18 November, ore was introduced to the FPP and testing and calibration of slurry density gauges, slimes removal cyclones, heavy mineral separation spirals, tails disposal and HMC dewatering circuits.

Testing and calibration was followed by more continuous operation with ore to establish and/or confirm system balances and testing of slimes separation efficiency, heavy mineral separation, HMC de-watering and slimes and sand tails handling and disposal, as well as overall water recovery and recycle capacities.

Overall, wet commissioning was completed successfully on a compressed timescale of only 5 weeks. Approximately 100K tonnes of ore were processed during the latter stages of commissioning and the ore processing rate and operating availability substantially exceeded expectations on numerous days.

During wet commissioning, the first HMC was produced on 19 November (refer ASX announcement dated 19 November 2018 Production of First HMC Concentrate), and the first truckloads of HMC were transported to storage shed near the Bunbury Port in preparation for export (refer ASX announcement dated 27 November 2018). Wet commissioning was declared complete on 30 November.

Transition to Active Mining Company

The Company transitioned from project development to active mining company with the start of production on 1 December 2018 (refer ASX announcement dated 4 December 2018 Production Ramp-up Period at Boonanarring Commences). December was the first month of a planned six-month production ramp-up schedule as assumed in the Boonanarring bankable feasibility study (BFS) published in May 2017 (refer ASX announcement dated 30 May 2017 Strong Bankable Feasibility Study Results Boonanarring/Atlas Project).

While the BFS ramp-up schedule assumed six months to achieve full-scale ore processing rate of 500 dry tonnes per hour at 85% operating availability and production of 20,000 tonnes of HMC per month, the budgeted ramp-up schedule was only three months, and the actual production statistics for December even exceeded budgeted production expectations.

Production highlights for December include higher ore processing rate (Figure 1). In addition, December operating statistics included a higher number of operating hours than budgeted; greater operating availability; higher ore grade; higher HM recovery and higher HMC quality (see Table 1). The net result was substantially higher HMC production (Figure 2). See Photo 1 for HMC stockpile inventory at end of December.

In addition, operating costs per tonne of HMC were lower than budgeted.

Figure 1.

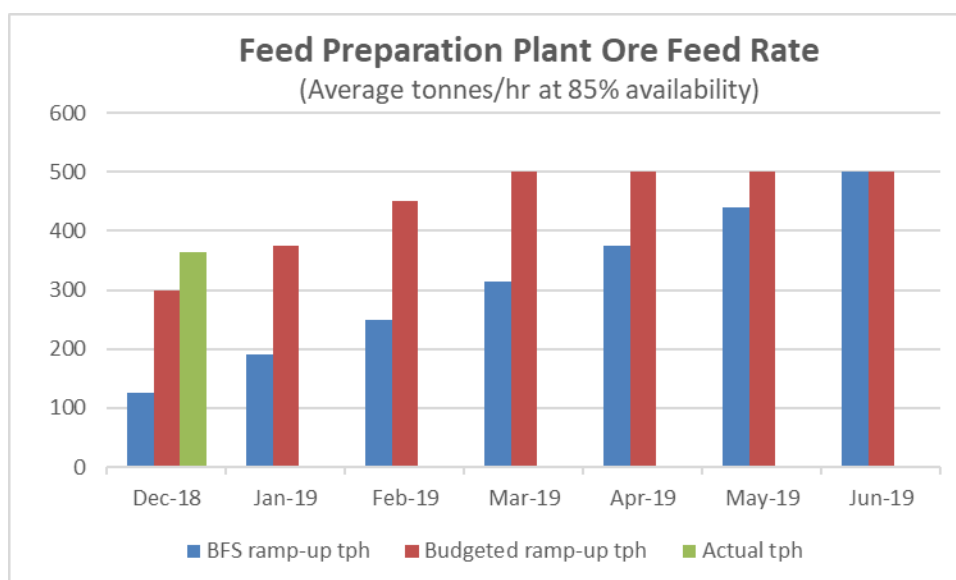


Table 1.

Item	Unit	Actual	Budget	Variance
FPP/WCP runtime	hrs.	639	558	15%
FPP Ore Feed	t	232,664	167,400	39%
FPP Ore Feed	tph	364	300	21%
Ore HM grade	%	7.3	6.1	19%
Availability	%	85.8	75	14%
HMC produced	t	15,935	7,210	121%
HMC HM grade	%	90.6	85	7%
HM Recovery	%	84.9	71.6	19%

Figure 2.

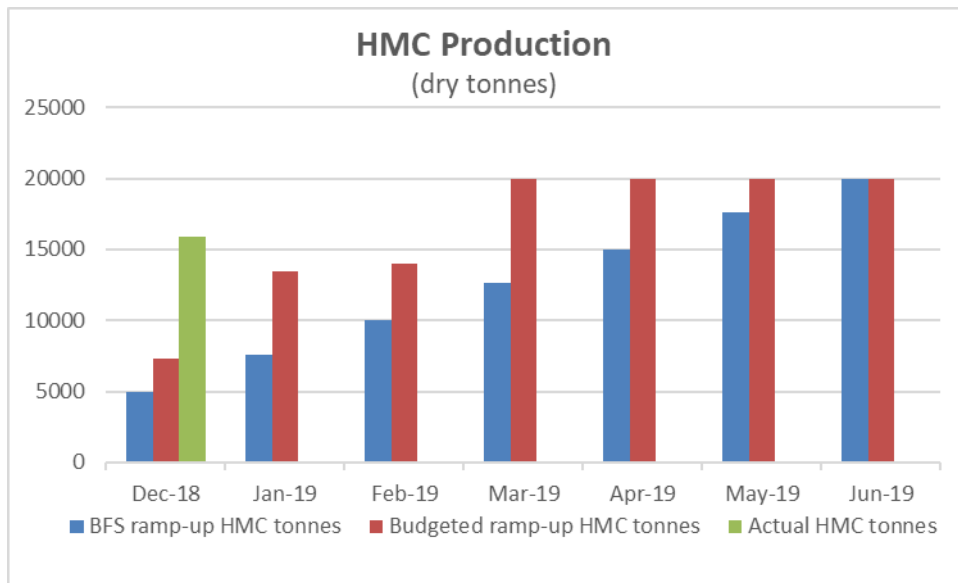


Photo 1: Heavy Mineral Concentrate Product Inventory – 31 December 2018



Receipt of First Revenue from Sale of HMC Product

The original budget called for a 5,000-tonne bulk shipment of HMC to be sold in December 2018. However due to the stellar production rates during December, a decision was made to postpone that shipment and allow a larger shipment of 10,000 tonnes so as to minimise unit shipping costs. Due to the end of year holiday period, the first shipment was delayed to January 2019.

On 13 January 2019, the Company completed the first sale of HMC product with the export of a nominal 10,000-tonne (dry) bulk shipment from the Bunbury port (Photo 2). The sale was made under a life-of-mine HMC off-take agreement with Shantou Natfort Zirconium and Titanium Co., Ltd (Natfort). Pricing was market-based and the shipment was secured by a guaranteed letter of credit provided by Natfort in advance of ship loading and which was available to convert to cash following ship sailing and presentation of appropriate shipping documents for bank approval. Consequently, Image received its first revenue on 22 January 2019.

In anticipation of forecast HMC production for January to be in excess of 20,000 tonnes, a second HMC shipment of up to 20,000 tonnes is being planned for February.

Photo 2: Shanghai Spirit with first shipment of HMC – 13 January 2019



Mining

Overburden removal and ore mining by contractor Piacentini & Son continued successfully throughout the reporting period. Mining of ore from the lower grade Western Strand was conducted in the first instance to prepare space for sand tails disposal and provide ore for the wet commissioning and initial stage of production. From mid-December, ore was mined from the higher grade Eastern Strand (Photo 3) for processing in the latter half of December to confirm metallurgical performance.

Photo 3: Boonanarring Mine – 31 December 2018



Recruitment of Personnel

Recruitment of suitably qualified site-based personnel was finalised in October with the addition of 14 personnel to increase the total number of full-time employees at Boonanarring to 39 and with 52% of site-based positions recruited from within the Shire of Gingin and surrounding areas.

Zircon Price Continues to Rise

Effective 1 October 2018, Iluka Resources increased its Zircon Reference Price by 12% to US\$1,580 per tonne. Similarly, the benchmark premium grade zircon price (Zircon Benchmark Price) to be used to determine the standard grade price of Image's zircon in its Heavy Mineral Concentrate product (being the price quoted by FerroAlloyNet in China for Iluka premium grade zircon), increased by 12% to US\$1,625 per tonne (middle of range). The price for Tronox Limited's premium grade zircon is slightly higher at US\$1,645 per tonne (middle of range).

Due to decreasing zircon production across the past year from existing producers, mineral sands industry experts predict a shortfall in the supply of zircon to continue to 2022-23, underpinning predictions of strong zircon prices at current levels or higher for the foreseeable future.

Exploration Highlights

- Discussions are continuing with landowners, seeking access agreements to allow drilling of the northernmost 2.6km of the Boonanarring Deposit's Northern Extension.
- The newer Boonanarring West mineralisation target area, which is only 600m west of the Boonanarring Deposit has now been enlarged to a significant 10km in length and a programme of 35 drillholes was completed this quarter. A program of 126 holes totalling 3150m is planned for 2019 mainly focused on the northern parts of the Boonanarring West target area, which will allow conversion of the northern Boonanarring West mineralisation to an Indicated JORC category.
- At Bidaminna, a 100kg bulk sample of drill cuttings from the mineralised zone across two lines of drillholes across the deposit, was composited and processed through wet and dry mineral separation testing, to determine the preliminary quality of potential Leucoxene products. This bulk testing has shown larger variations in the leucoxene content than previously thought. For this reason, more drilling is planned in 2019 to outline a detailed variation in the Leucoxene contents prior to any economic studies.
- At Munbinia the southern extension of the Atlas Deposit (6.5km) will be tested by a 160-hole programme looking for a potential 3km extension.
- The Woolka dredge target area is very large being 10km² in size and has potential for a very large resource. A 13-hole drilling programme was completed in the December Quarter, which was positive, allowing Image to refocus the next round of extensive drilling. A major drilling programme of 94 holes totalling 3760m in 2019 is designed to locate a strategic world-class dredgeable deposit adjacent to Tronox's Cooljarloo 2000t/h dredging operation. This drilling will permit an Inferred/Indicated Resource to be calculated.
- At Erayinia a best gold intersection from our recent drilling of 20m @ 0.7g/t Au from 40m including 4m @ 1.2g/t from 48 and 4m @ 1.0g/t. from 56m will be followed up in 2019 with a programme of 20 RC holes to map out gold-enhanced supergene zone prior to deeper RC drilling.

Boonanarring Northern Extension

The Company is still in discussions with two landowners regarding access agreements for delineation drilling over the 2.6km northernmost section of the extension of the high-grade Boonanarring deposit announced on 13 March 2017. If access agreements are secured, 80 drillholes for 3,840m on a 200m x 40m drill grid are likely required to convert the mineralisation in this area to an Indicated Mineral Resources Category (Fig. 3).

The Boonanarring high-grade northern extension area has been confirmed from previous roadside drilling and includes very high zircon grades ranging from 16.4% to 22.2% of the heavy mineral (HM) content, which includes outstanding HM high-grade intersections of 8m @ 23.8% HM in drillhole IX00245, 8m @ 21.1% HM in IX00244 and 8m @ 16.3% HM in IX00250 (ASX release 26/06/2017). In addition, the northernmost part of the extension area has a lower strip ratio of around 3.2:1 as compared to a higher strip ratio for the currently planned Boonanarring mine area. This extension area is deemed to be within economic pumping distance of the planned location of the Boonanarring wet concentration plant.

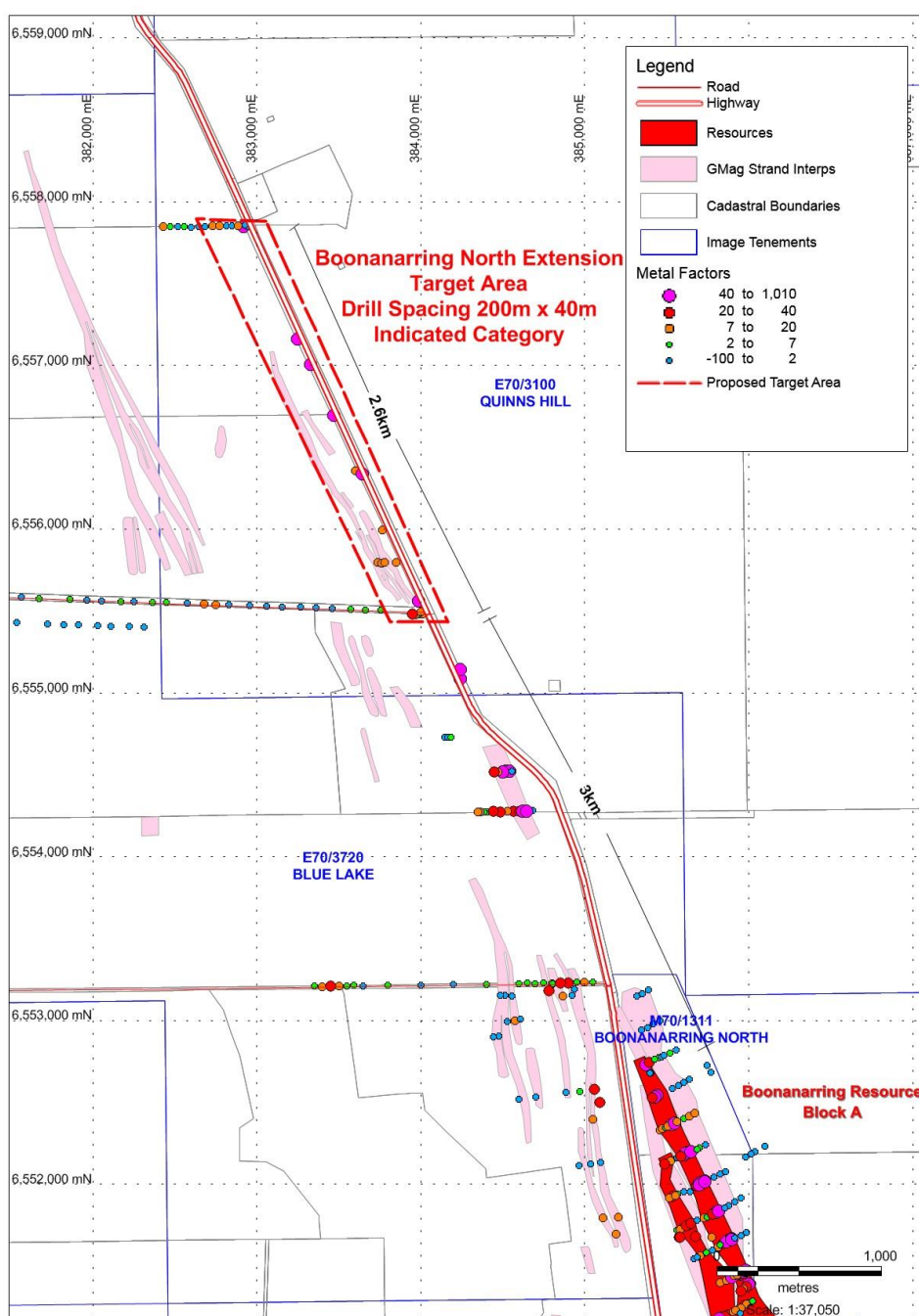


Figure 3. Boonanarring North Extension Target area showing proposed drilling subject to access

Boonanarring West

After drilling at Boonanarring West and further ground magnetic interpretation, a much larger target is outlined being **10,000m x 300m and is only 600m west of the Boonanarring Resource**. This has positive ramifications for the mine life of the Boonanarring Deposit. A 35-hole drill program was completed in the December Quarter mainly towards the northern part of the Boonanarring West mineralisation extension zone. The mineralisation intersected is open to the south and is at a lower RL of 50–55 ASL compared to 65–70 ASL for the Boonanarring deposit (Fig. 4).

A 126-hole programme totalling 3150m is planned for 2019 mainly initially focused on the northern part of this Boonanarring West target (Fig. 4) because the drilling to date has highlighted the higher grades in this area. This drilling will allow Image to convert the northern Boonanarring West mineralisation to an Indicated JORC category.

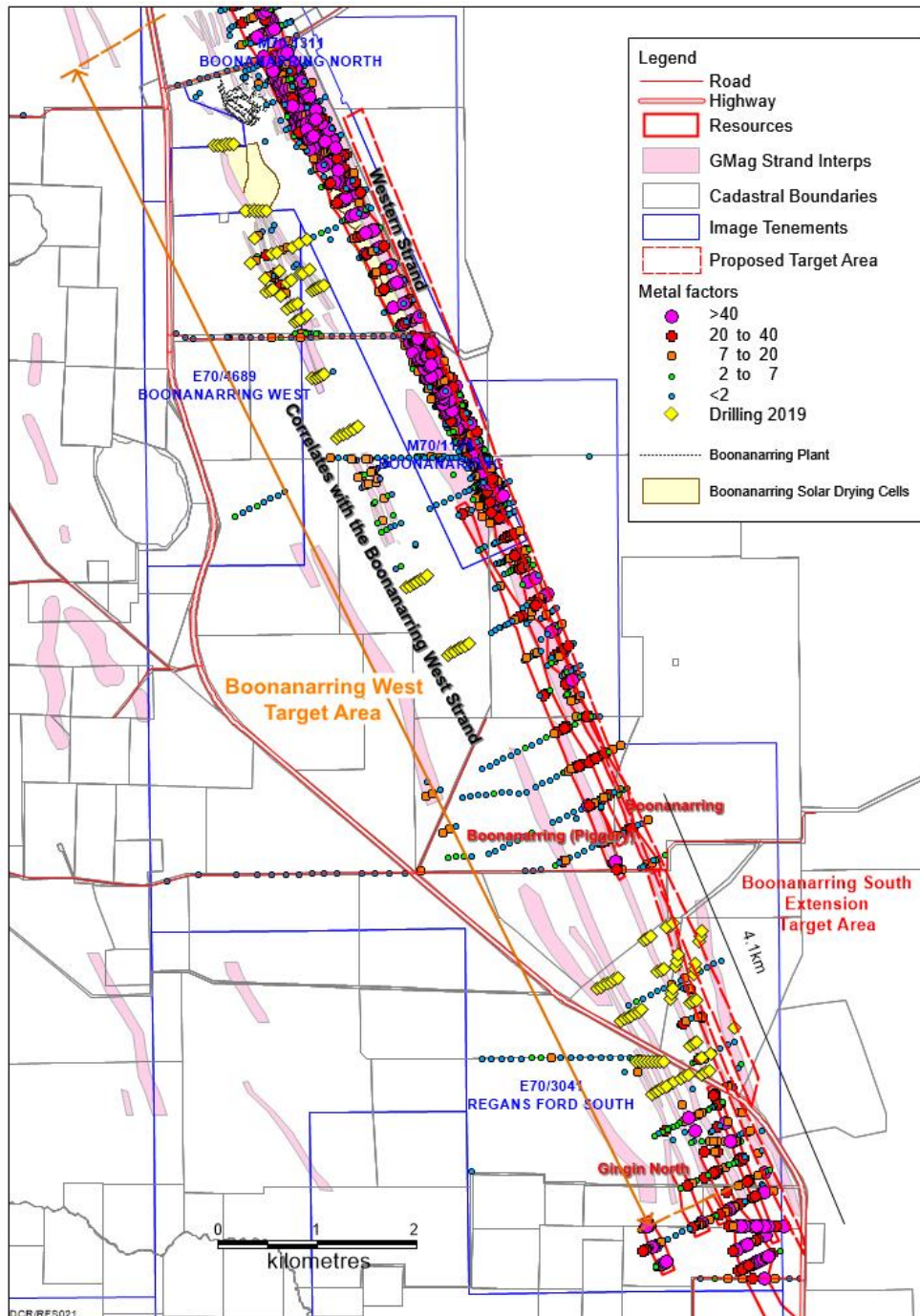


Figure 4. Boonanarring West Target Area showing proposed drilling in 2019

Bidaminna Mineral Resources and Northern Extension

The Bidaminna Project is unusual as the heavy mineral assemblage contains significant quantities of higher value leucoxene. The pricing of leucoxene can vary and can be 3 to 4 times the value of ilmenite. The leucoxene content in the current Mineral Resources (JORC 2004) area over 3 separate lines varies from 28% leucoxene in the HM in the southernmost part of the Mineral Resources area, up to 69% in the northernmost part of the Mineral Resources area.

A bulk sample of 100kg of drill cuttings from the mineralised section of the deposit was composited and processed through wet and dry mineral separation testing to determine a preliminary determination of the quality of potential Leucoxene products. The bulk sample was composited from two lines of drilling located just north of the Bidaminna Mineral Resources area. This bulk testing has shown larger variations in the leucoxene content than previously thought over the 3 lines. For this reason, more drilling is planned in 2019.

A 106-hole programme totalling 5618m is planned mainly north and south of the Moore River to outline the detailed variation in the leucoxene contents, which appears critical for the economics of this deposit (Fig. 5) following an extensive 30km environmental survey (botanical, banksia, dieback and heritage) completed in early October 2018.

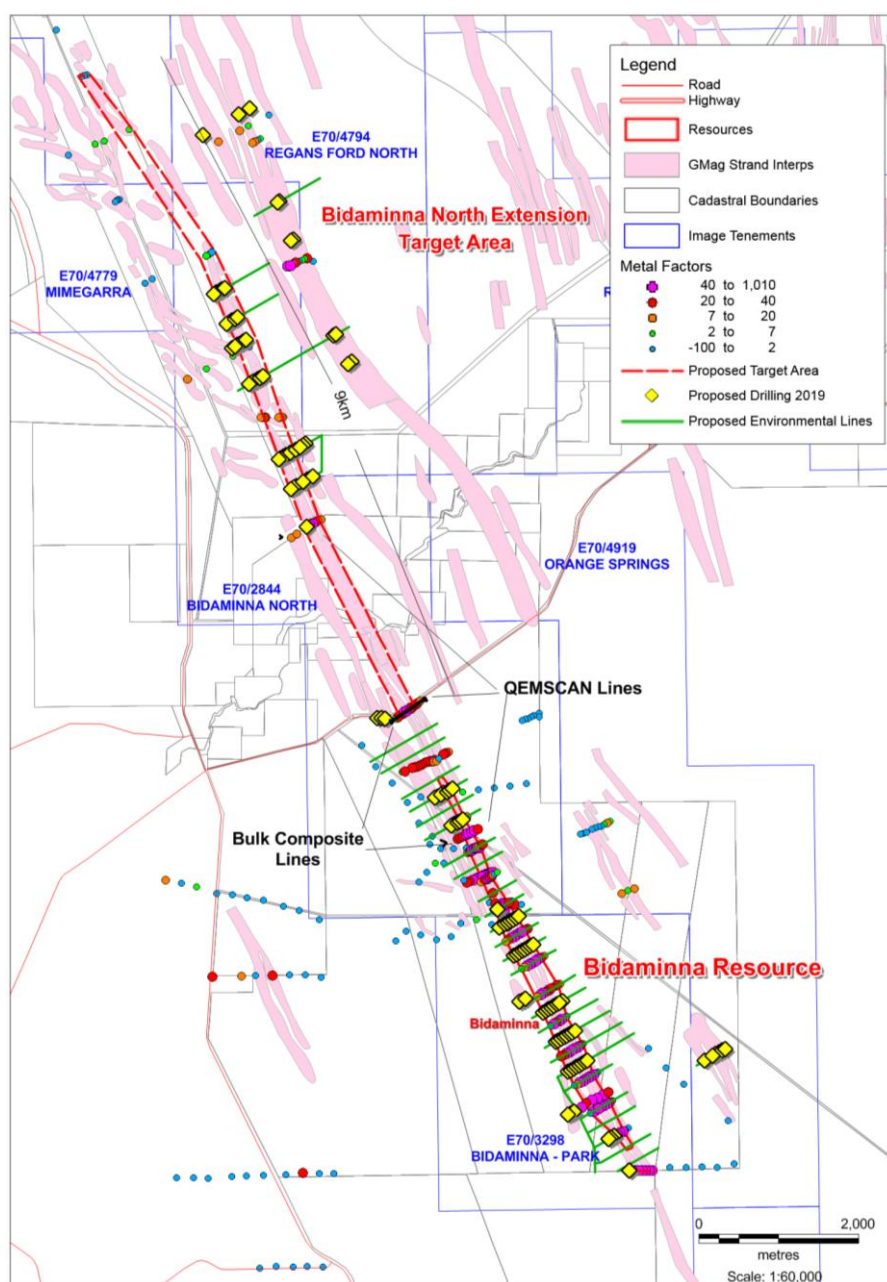


Figure 5. Bidaminna Deposit and potential northern extension showing holes planned in 2019

Atlas Southern Extension drilling at Munbinia and Munbinia West and dredge target drilling at Woolka

The Woolka Dredge Target area is very large being 10km² and has potential for a very large resource. A 13-hole drilling programme was completed in the December Quarter. The results were encouraging, allowing Image to focus on the next major drilling programme in 2019. A major drilling programme of 94 holes totalling 3760m in 2019 is designed to locate a strategic world-class dredgeable deposit adjacent to Tronox's Cooljarloo 2000t/h dredging operation. This drilling will permit an Inferred/Indicated Resource to be calculated. Mineralisation is adjacent to and on direct strike with Tronox's Cooljarloo West dredging proposal area.

At Munbinia the southern extension of the Atlas Deposit (6.5km) will be tested by a 160-hole programme totalling 3200m over a potential 3km southern extension.

An 18-hole programme at Munbinia West was completed to test for new mineralisation over a km-long target area, which is only 3km west of the Atlas Deposit (Fig. 6). Only low-grade mineralisation was detected.

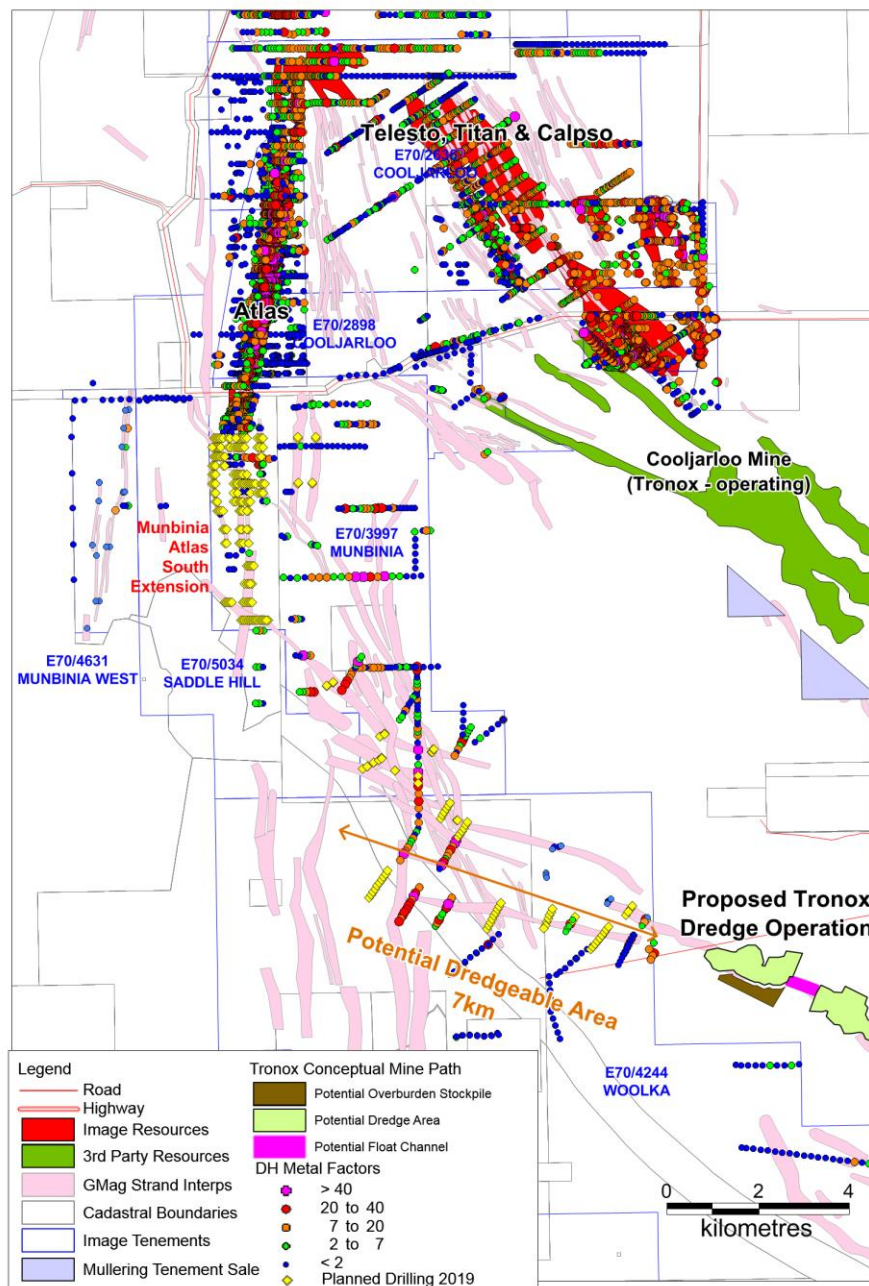


Figure 6. Atlas South Extension drilling at Munbinia and Munbinia West and dredge drilling at Woolka

Erayinia Initial Gold Drilling

Encouraging results were obtained from first-pass drilling of 6 reverse circulation (RC) drillholes totalling 650m (Fig. 7) at Image's 100%-owned Erayinia prospect (E28/1845 and E28/2742 totalling 106.7km²), located 130km ESE of Kalgoorlie where there are numerous operating gold mines. The drill programme has been successful in identifying strike continuity of the King mineralisation), which starts 350m to the south.

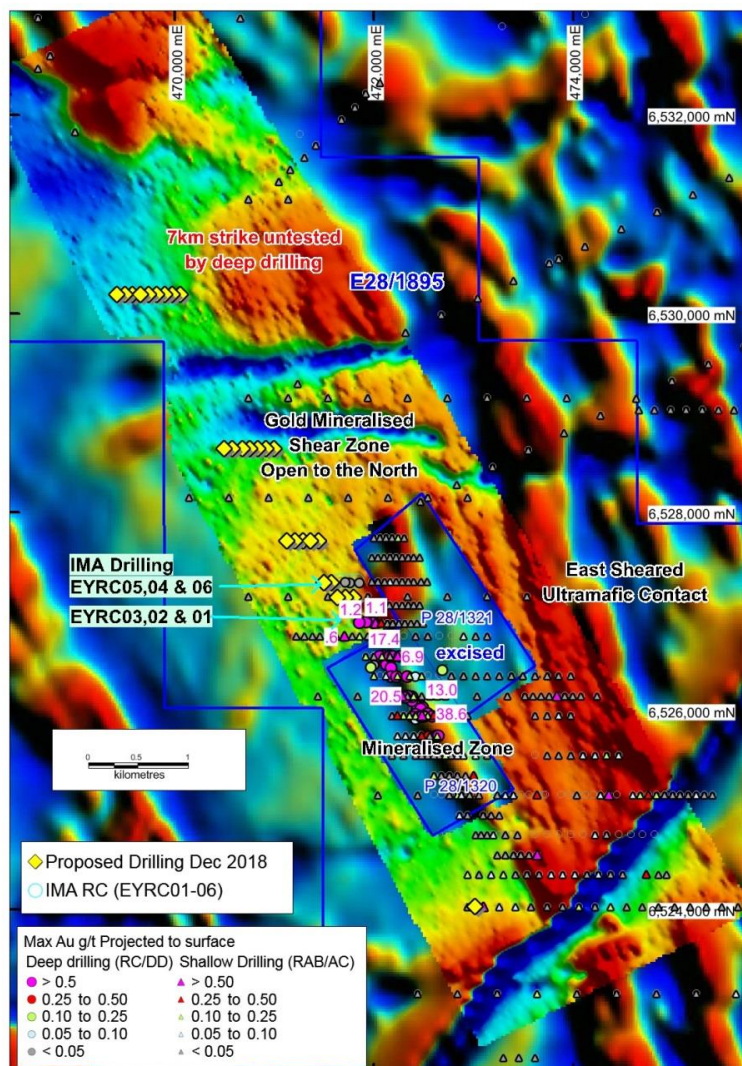


Figure 7. Ground magnetics at Erayinia showing max. gold (1m) from previous drilling projected to surface and planned drilling up to 3.5km to the northwest

Image Resources' drilling (Fig. 7) shows a number of gold mineralised zones within the first 3 southern RC holes (EYRC001, 2 and 3). The best intersection is 20m at 0.7g/t Au from 40m in EYRC001 within a sheared, bleached and silicified mafic unit. The mineralisation is interpreted to occur as west-dipping stacked pyrite, quartz, and carbonate lodes within a package of Archean mafic and sedimentary rocks.

A 7km strike length to the north of the King mineralisation remains virtually untested with only 3 deep RC holes (EYRC004, 6 and 7) completed 400m to the north by Image Resources, which intersected siliceous metasediments.

Work in 2019 will include an initial 20 RC drillholes spaced 50m on 200m spaced lines and to a depth of 75m (Fig. 7), to help identify and map the anomalous Au within the clay/bedrock interface where the supergene gold is present, prior to further and deeper RC drilling. These holes are just to the north of the recent 20m at 0.7g/t Au from 40m intersection. The King mineralisation to the south is similar in style and all the RC drilling was sited on a supergene-enhanced layer that was first identified by shallow AC drilling.

COMPETENT PERSON'S STATEMENTS – EXPLORATION RESULTS, MINERAL RESOURCES AND ORE RESERVES

Information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves (other than Boonanarring and Atlas Mineral Resources and Ore Reserves) is based on information compiled by George Sakalidis BSc (Hons) who is a member of the Australasian Institute of Mining and Metallurgy. At the time that the Exploration Results, Mineral Resources and Ore Reserves were compiled, George Sakalidis was a director of Image Resources NL. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.

The information in this report that relates to the estimation of Mineral Resources for the Boonanarring and Atlas Projects is based on information compiled by Mrs Christine Standing, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). Mrs Standing is a full-time employee of Optiro Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mrs Standing consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

The information in this report that relates to the estimation of Ore Reserves for the Boonanarring and Atlas Projects has been compiled in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2012 Edition). The Ore Reserves have been compiled by Jarrod Pye, Mining Engineer and previously a full-time employee of Image Resources, under the direction of Andrew Law of Optiro, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Law has sufficient experience in Ore Reserves estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Law consents to the inclusion in the report of the matters compiled by him in the form and context in which it appears."

FORWARD LOOKING STATEMENTS

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding prices, exploration or development costs and other operating results, growth prospects and the outlook of Image's operations contain or comprise certain forward-looking statements regarding Image's operations, economic performance and financial condition. Although Image believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, risks inherent in the ownership, exploration and operation of or investment in mining properties, fluctuations in prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. Image undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

Attachments: Table 2. Tenement Schedule in accordance with ASX Listing Rule 5.3.3
 Table 3. Mineral Resources and Ore Reserves as at 3 August 2017

Table 2 – Tenement Schedule

Tenement Schedule in accordance with ASX Listing Rule 5.3.3

Tenements held at the end of the Quarter

Location	Tenement	Nature of Interest	Project	Equity (%) held at start of Quarter	Equity (%) held at end of Quarter
WA	E28/1895	Granted	ERAYINIA	100%	100%
WA	E70/2636	Granted	COOLJARLOO	100%	100%
WA	E70/2844	Granted	BIDAMINNA NTH	100%	100%
WA	E70/2898	Granted	COOLJARLOO	100%	100%
WA	E70/3032	Granted	GINGIN	100%	100%
WA	E70/3041	Granted	REGANS FORD SOUTH	100%	100%
WA	E70/3100	Granted	QUINNS HILL	100%	100%
WA	E70/3192	Granted	BOOTINE	100%	100%
WA	E70/3298	Granted	BIDAMINNA -PARK	90%	90%
WA	E70/3411	Granted	REGANS FORD	100%	100%
WA	E70/3494	Granted	BRYALANA	100%	100%
WA	E70/3720	Granted	BLUE LAKE	100%	100%
WA	E70/3892	Granted	CHAPMAN HILL	100%	100%
WA	E70/3997	Granted	MUNBINIA	100%	100%
WA	E70/4077	Granted	DARLING RANGE	100%	100%
WA	E70/4244	Granted	WOOLKA	100%	100%
WA	E70/4245	Granted	WINOOKA	100%	100%
WA	M70/0448	Granted	GINGIN SOUTH	100%	100%
WA	M70/1192	Granted	RED GULLY	100%	100%
WA	M70/1194	Granted	BOONANARRING	100%	100%
WA	P70/1516	Granted	COOLJARLOO	100%	100%
WA	M70/1311	Granted	BOONANARRING NORTH	100%	100%
WA	G70/0250	Granted	BOONANARRING	100%	100%
WA	R70/0051	Granted	COOLJARLOO NORTH	100%	100%
WA	M70/1305	Application	ATLAS	100% pending grant	100% pending grant
WA	P70/1520	Application	COOLJARLOO	100% pending grant	100% pending grant
WA	E70/4631	Granted	MUNBINIA WEST	100%	100%
WA	E70/4656	Granted	WINOOKA NORTH	100%	100%
WA	E70/4663	Granted	BIBBY SPRINGS	100%	100%
WA	E70/4689	Granted	BOONANARRING WEST	100%	100%
WA	E70/4779	Granted	MIMEGARRA	100%	100%
WA	E70/4794	Granted	REGANS FORD NORTH	100%	100%
WA	E70/4795	Application	BIDAMINNA SOUTH	100% pending grant	100% pending grant
WA	E70/4919	Granted	ORANGE SPRINGS	100%	100%
WA	E70/4946	Granted	RED GULLY NORTH	100%	100%
WA	E70/4949	Granted	NAMMEGARRA	100% pending grant	100%
WA	E28/2742	Application	MADOONIA DOWNS	100% pending grant	100% pending grant
WA	E70/5192	Application	WINOOKA SOUTH	-	100% pending grant
WA	E70/5193	Application	CHAPMAN HILL NORTH	-	100% pending grant
WA	E70/5213	Application	GINGINUP HILL	-	100% pending grant

Mining Tenements acquired during the Quarter

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Mining Tenements disposed during the Quarter

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Table 3 – Mineral Resources and Ore Reserves as at 3 August 2017

High Grade Ore Reserves - Strand Deposits; in accordance with the JORC Code (2012)											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring ¹	Proved	5,008,000	9,344,000	8.6	14.3	803,771	76.081	48.9	1.8	2.2	23.2
Boonanarring ¹	Probable	5,565,000	10,514,000	5.9	17.6	622,429	78.653	52.3	1.8	2.7	21.9
Total Boonanarring		10,573,000	19,858,000	7.2	16.1	1,426,200	77.203	50.4	1.8	2.4	22.7
Atlas ¹	Probable	5,000,000	9,477,000	8.1	15.5	767,637	73.3	50.7	4.5	7.5	10.6
Total Atlas		5,000,000	9,477,000	8.1	15.5	767,637	73.3	50.7	4.5	7.5	10.6
Total Ore Reserves		15,573,000	29,335,000	7.5	15.9	2,193,837	75.8	50.5	2.7	4.2	18.4
High Grade Mineral Resources - Strand Deposits; in accordance with the JORC Code (2012) @ 2.0% HM Cut-off											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring ²	Measured	6,359,359	11,799,213	8.0	14	942,167	74.3	48.3	1.7	2.2	22.0
Boonanarring ²	Indicated	11,802,047	22,265,400	4.9	18.3	1,081,208	71.7	49.2	2.2	2.5	17.8
Boonanarring ²	Inferred	4,987,703	9,420,449	4.5	21	422,507	68.8	50.0	3.5	3.4	11.9
Boonanarring Total		22,886,875	43,485,062	5.6	18	2,445,882	72.2	49.0	2.2	2.6	18.4
Atlas ²	Measured	5,210,526	9,900,000	7.9	16.1	782,000	71.0	49.1	4.2	7.2	10.5
Atlas ²	Indicated	3,368,421	6,400,000	3.7	17.3	237,000	56.5	41.6	3.4	4.7	6.8
Atlas ²	Inferred	947,368	1,800,000	4.0	19.9	72,000	41.5	29.0	3.3	4.4	4.8
Atlas Total		9,526,316	18,100,000	6.0	16.9	1,091,000	65.9	46.1	4.0	6.5	9.3
Sub-Total Atlas/Boonanarring		32,413,191	61,585,062	5.7	17.7	3,536,882	70.3	48.1	2.8	3.8	15.6
Previously Reported Mineral Resources - Strand Deposits; in accordance with JORC Code (2004) @ 2.5% HM Cut-off											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Gingin Nth ³	Indicated	680,175	1,318,642	5.7	15.7	75,163	75.4	57.4	9.3	3.2	5.5
Gingin Nth ³	Inferred	580,000	1,090,000	5.2	14.0	57,116	78.4	57.3	11.3	3.7	6.0
Gingin Nth Total		1,260,175	2,408,642	5.5	15.0	132,279	76.7	57.3	10.2	3.4	5.7
Gingin Sth ³	Measured	872,830	1,526,122	4.4	7.2	67,149	79.4	50.7	15.3	5.6	7.8
Gingin Sth ³	Indicated	3,241,835	5,820,480	6.5	7.1	377,167	90.6	67.6	9.8	5.1	8.1
Gingin Sth ³	Inferred	398,573	732,912	6.5	8.4	47,566	91.6	67.4	7.5	5.8	10.9
Gingin Sth Total		4,513,238	8,079,514	6.1	7.3	491,882	89.2	65.3	10.3	5.2	8.3
Helene ³	Indicated	5,568,110	11,466,106	4.6	18.6	522,854	88.7	74.6	0.0	3.6	10.5
Hyperion ³	Indicated	1,786,781	3,742,471	7.7	19.3	286,673	69.4	55.8	0.0	6.3	7.3
Cooljarloo Nth Total		7,354,891	15,208,577	5.3	18.8	809,528	81.9	67.9	0.0	4.6	9.4
Red Gully ³	Indicated	1,930,000	3,409,768	7.8	11.5	265,962	89.7	66.0	8.3	3.1	12.4
Red Gully ³	Inferred	1,455,000	2,565,631	7.5	10.7	192,422	89.0	65.4	8.2	3.0	12.3
Red Gully Total		3,385,000	5,975,399	7.7	11.2	458,384	89.4	65.7	8.2	3.1	12.4
Sub-Total Other		16,513,304	31,672,132	6.0	14.1	1,892,073	85.2	66.0	5.4	4.3	9.6
Historic Deposit - Strand deposit; in accordance with JORC Code (2004)											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Regans Ford ⁴	Indicated	4,505,285	9,024,226	9.9	16.8	893,398	94.3	70.0	10.0	4.3	10.0
Regans Ford ⁴	Inferred	455,933	918,536	6.5	18.5	59,705	90.5	68.3	7.7	4.4	10.1
Regans Ford Total		4,961,218	9,942,762	9.6	17.0	953,103	94.1	69.9	9.9	4.3	10.0

1. COMPLIANCE STATEMENT - Boonanarring/Atlas Ore Reserves

The Ore Reserves statement has been compiled in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2012 Edition). The Ore Reserves have been compiled by Jarrod Pye, Mining Engineer and full-time employee of Image Resources, under the direction of Andrew Law of Optiro, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Law has sufficient experience in Ore Reserves estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. Mr Law consents to the inclusion in the report of the matters compiled by him in the form and context in which it appears.

2. COMPLIANCE STATEMENT - Boonanarring/Atlas Mineral Resources

The information in this report that relates to the estimation of Mineral Resources is based on information compiled by Mrs Christine Standing, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). Mrs Standing is a full-time employee of Optiro Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mrs Standing consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

3. COMPETENT PERSON’S STATEMENT – MINERAL RESOURCE ESTIMATES

The information in this presentation that relates to Mineral Resources is based on information compiled by Lynn Widenbar BSc, MSc, DIC MAusIMM MAIG employed by Widenbar & Associates who is a consultant to the Company. Lynn Widenbar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the ‘Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Lynn Widenbar consents to the inclusion of this information in the form and context in which it appears.

4. HISTORIC INFORMATION - REGANS FORD DEPOSIT

The information in this presentation that relates to tonnes, grades and mineral assemblage is based on historic information published by Iluka Resources Limited and indicating the mineral resources were compiled in accordance with the JORC Code (2004).

Grand Totals	53,887,713	103,199,956	6.2	6,382,058	78.3	56.7	4.6	4.0	13.0
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Previously Reported Mineral Resources - Dredge deposits; in accordance with JORC Code (2004) @ 1.0% HM Cut-off

Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM	Ilmenite	e	Rutile	Zircon	Ilmenite	Leucoxen	Rutile	Zircon	VHM
							(%)	(%)	(%)	(%)	(%)					
Titan ³	Indicated	10,335,053	21,163,741	1.8	22.1	378,831	86.0	71.9	1.5	3.1	9.5	272,493	5,720	11,782	35,875	325,870
Titan ³	Inferred	58,517,775	115,445,391	1.9	18.9	2,205,007	85.9	71.8	1.5	3.1	9.5	1,583,857	33,737	67,253	208,814	1,893,660
Total Titan	Total	68,852,828	136,609,132	1.9	19.4	2,583,838	85.9	71.8	1.5	3.1	9.5	1,856,350	39,457	79,034	244,689	2,219,530
Telesto ³	Indicated	1,716,328	3,512,204	3.8	18.4	134,499	83.3	67.5	0.7	5.6	9.5	90,776	968	7,519	12,791	112,054
Calypso ³	Inferred	27,113,647	51,457,008	1.7	13.7	854,186	85.6	68.1	1.6	5.1	10.8	581,701	13,667	43,564	92,252	731,184
Bidaminna ³	Inferred	26,260,000	44,642,000	3.0	3.6	1,339,260	96.8	83.11	7.2	1.0	5.5	1,113,000	97,000	13,000	73,000	1,296,000
Total Dredge		123,942,803	236,220,344	2.1	15.2	4,911,783	88.7	74.1	3.1	2.9	8.6	3,641,826	151,092	143,116	422,732	4,358,767

3. COMPETENT PERSON’S STATEMENT – RESOURCE ESTIMATES

The information in this presentation that relates to Mineral Resources is based on information compiled by Lynn Widenbar BSc, MSc, DIC MAusIMM MAIG employed by Widenbar & Associates who is a consultant to the Company. Lynn Widenbar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the ‘Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Lynn Widenbar consents to the inclusion of this information in the form and context in which it appears.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

IMAGE RESOURCES NL

ABN

57 063 977 579

Quarter ended ("current quarter")

31/12/2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	7
1.2 Payments for		
(a) exploration & evaluation	(315)	(1,435)
(b) development	-	-
(c) production	-	-
(d) staff costs	(540)	(1,966)
(e) administration and corporate costs	(110)	(664)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	157	425
1.5 Interest and other costs of finance paid	(101)	(201)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(909)	(3,834)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(17,171)	(64,144)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	2
(b) tenements (see item 10)	-	-

+ See chapter 19 for defined terms

1 September 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(c) investments	-	15
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
	Term Deposits greater than 90 days matured	-	-
2.6	Net cash from / (used in) investing activities	(17,171)	(64,127)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	85	25,085
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(13)	(1,484)
3.5	Proceeds from borrowings	-	51,386
3.6	Repayment of borrowings	-	(47)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	72	74,940
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	29,937	4,423
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(909)	(3,834)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(17,171)	(64,127)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	72	74,940
4.5	Effect of movement in exchange rates on cash held	(43)	484
4.6	Cash and cash equivalents at end of period	11,886	11,886

+ See chapter 19 for defined terms

1 September 2016

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	11,871	19,273
5.2 Call deposits	15	10,664
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,886	29,937

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

234

-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	59,065	57,815
8.2 Credit standby arrangements	55	55
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

2 Loans are held as follows:

- Murray Zircon Pty Ltd – A\$4,000,000. Interest rate is 5% paid six monthly in arrears.
- A senior secured debt facility with Pala Investments Limited (“Pala”), Castlake IV, L.P. and CL V Investment Solutions LLC - US\$38,850,000 (A\$55,065,174 at 31 December 2018). Interest rate is 14% for the first fifteen months following draw down and 13% thereafter for the balance of the loan. Interest for the first fifteen months is added to the loan amount and thereafter paid quarterly in arrears. Further details can be found in the announcement lodged with the ASX on 8 March 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	900
9.2 Development	-
9.3 Production	18,000
9.4 Staff costs	930
9.5 Administration and corporate costs	550
9.6 Other – Capital	600
9.7 Total estimated cash outflows *	20,980

* Cash outflows exclude forecast sales receipts.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Refer Quarterly Report			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Refer Quarterly Report			

+ See chapter 19 for defined terms

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date:31 January 2019.....

Print name:Dennis Wilkins.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.